



Committed to the future of rural communities.

RURAL HOUSING PROGRAMS

COMMUNITY FACILITIES DIRECT LOAN PROGRAM

USDA Rural Development is authorized by RD Instructions 1942-A and 1942-C to make loans to develop community facilities for public use in rural areas.

Who May Receive Assistance?

Loans are available for public entities such as municipalities, counties and special purpose districts. Nonprofit corporations and Indian tribes may also receive loan assistance when adequate plans for loan repayments are made. In addition, borrowers must:

Be unable to obtain needed funds from other sources at reasonable rates and terms.

Have legal authority to borrow and repay loans, to pledge security for loans and to construct, operate and maintain the facilities or services.

Be financially sound and be able to organize and manage the facility effectively.

The project will be based on taxes, assessments, revenues, fees or other satisfactory sources of money sufficient for operation, maintenance and reserve, as well as to retire the debt. The project also must be consistent with available comprehensive and other development plans for the community and comply with Federal, State and local laws.

How May Funds Be Used?

USDA Rural Development loan funds may be used to construct, enlarge or improve community facilities for health care, public safety and public services.

Health care facilities include hospitals, nursing homes, dental or medical clinics or medical rehabilitation centers. Funds may also be used for necessary equipment for the operation of these facilities and to pay other necessary costs connected with them.

Public safety facilities include fire stations and buildings to house fire and/or rescue equipment.

Funds may also be used:

- To purchase fire trucks, ambulances or emergency communications equipment.
- To buy or build fire and rescue multi-service centers, police stations and jails.
- Public service facilities include community buildings, courthouses, public maintenance buildings, libraries, child care centers, schools, industrial parks, roads, bridges, airports, fairgrounds, utilities and other improvements or to acquire interest in lands, leases and rights-of-way necessary to develop the facilities. Loan funds may also be used for necessary equipment for the operation of these facilities.
- USDA Rural Development may fund other types of community facilities that provide essential service to rural residents and to pay necessary costs connected with such facilities.

How May Funds Not Be Used?

Funds may not be used to finance:

- On-site utility systems or business and industrial buildings in connection with industrial parks.
- Facilities to be used primarily for recreation purposes.
- Community antenna television services or facilities.
- Electric generation or transmission facilities or telephone systems, except under certain circumstances.
- Facilities which are not modest in size, design and cost.
- Loan or grant finder's fees.
- New combined sanitary and storm water sewer facilities.
- That portion of a water and/or waste disposal facility normally provided by a business or industrial user.

What Are The Terms?

The maximum term on all loans is 40 years. However, no repayment period will exceed any statutory limitation on the organization's borrowing authority nor the useful life of the improvement or facility.

What is the Interest Rate?

Interest rates are set quarterly by USDA Rural Development and depend on the median household income of the service area of the project.

What Security Is Required?

All loans will be secured to adequately protect the interest of the government. Bonds or notes pledging taxes, assessments or revenues may be accepted as security if they meet statutory requirements. A mortgage may also be taken on real and personal property when state laws permit.

Where Will Applicants Obtain Technical Help?

USDA Rural Development will assist the applicant in making the first determinations regarding engineering feasibility, economic soundness, cost estimates, organization, financing and management matters in connection with the proposed improvements.

If financing is provided by USDA Rural Development, the agency will make periodic inspections to see that funds are used as agreed upon.

How Do I Find Out More And Make Application?

For more information contact your local USDA Rural Development Office or the USDA Rural Development State Office at:

USDA Rural Development
Attn: Community Programs Division
Federal Building, Room 152
100 Centennial Mall North
Lincoln, NE 68508-3888
Phone: (402) 437-5556 (voice)
(402) 437-5093 (TDD)

National Office Web site: <http://www.rurdev.usda.gov/rhs>
Nebraska Rural Development Web site: <http://www.rurdev.usda.gov/ne>
Nebraska State Office Telephone Number: (402) 437-5551
Nebraska State Office Facsimile Number: (402) 437-5408
Nebraska State Office TDD Number: (402) 437-5093

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